

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name		County
Fiscal Year End	Opinion Date		Date Audit Report Submitted to State	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

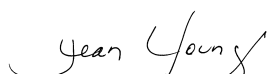
YES
NO

Check each applicable box below. (See instructions for further detail.)

1. ☐ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☐ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☐ ☐ The local unit has adopted a budget for all required funds.
5. ☐ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☐ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☐ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☐ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☐ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☐ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☐ The local unit is free of repeated comments from previous years.
12. ☐ ☐ The audit opinion is UNQUALIFIED.
13. ☐ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☐ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☐ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input type="checkbox"/>			
The letter of Comments and Recommendations	<input type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name)		Telephone Number		
Street Address		City	State	Zip
Authorizing CPA Signature 	Printed Name		License Number	

**City of East Lansing, Michigan
District Court, 54-B Judicial District**

**Financial Report
with Supplemental Information
June 30, 2006**

City of East Lansing, Michigan District Court, 54-B Judicial District

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Independent Auditor's Report

To the Honorable Judges,
Members of City Council, and
District Control Unit
District Court, 54-B Judicial District
East Lansing, Michigan

We have audited the accompanying basic financial statement of the district court funds of District No. 54-B as of June 30, 2006. This financial statement is the responsibility of the District Court No. 54-B's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position of the District Court Funds of District No. 54-B as of June 30, 2006, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statement. The accompanying supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statement and, in our opinion, is fairly stated in all material respects in relation to the basic financial statement taken as a whole.

The accompanying financial statement does not present a management's discussion and analysis, which would be an analysis of the financial performance for the year. The Governmental Accounting Standards Board has determined that this analysis is necessary to supplement, although not required to be part of, the basic financial statement.

Plante & Moran, PLLC

October 6, 2006

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City of East Lansing, Michigan

District Court, 54-B Judicial District

Balance Sheet June 30, 2006

Assets

Cash (Note 2)	\$ 209,844
Accounts receivable	<u>28,631</u>
Total assets	<u><u>\$ 238,475</u></u>

Liabilities

Appearance bond deposits	\$ 86,303
Due to State of Michigan	70,715
Due to Ingham County	29,846
Due to Michigan State University	7,231
Due to others	<u>44,380</u>
Total liabilities	<u><u>\$ 238,475</u></u>

City of East Lansing, Michigan

District Court, 54-B Judicial District

Notes to Balance Sheet
June 30, 2006

Note 1 - Significant Accounting Policies

The City of East Lansing, Michigan District Court, 54-B Judicial Court (the "Court") was established by the State of Michigan under Public Act (the "Act") 169 on January 1, 1973. Under the provisions of the Act, the City of East Lansing, Michigan (the "City") is designated as the district control unit and is responsible for providing facilities and administrative assistance to the Court. As part of carrying out its responsibilities, the Court collects the revenue for fines and penalties on behalf of the State of Michigan, Ingham County, and Michigan State University and remits the appropriate amounts to such governmental entities. Such amounts are shown as receipts and disbursements of the Court. In return for such services, a portion of certain fines and costs assessed by the Court (after expenditures for operations) reverts to the district control unit. The Court is not considered a component unit of the City as the Court has no separate governing board. Court revenue retained by the City and all operating expenditures are recorded in the General Fund of the City.

Basis of Accounting - Transactions of the Court are recorded using an Agency Fund. The Agency Fund is custodial in nature and does not present results of operations or have a measurement focus. Agency Funds are accounted for using the modified accrual basis of accounting. This fund is used to account for assets that the Court holds for others in an agency capacity.

Note 2 - Cash

As of June 30, 2006, the carrying amount and the bank balance of the Court's cash on deposit was \$209,844. Of that amount, \$100,000 was covered by federal depository insurance and \$109,844 was uninsured and uncollateralized.

Note 3 - Fixed Assets

Fixed asset purchases are reflected as expenditures in the City of East Lansing's General Fund when incurred and are recorded in the City of East Lansing's statement of net assets. At June 30, 2006, the Court's fixed assets included therein totaled \$153,154.

City of East Lansing, Michigan

District Court, 54-B Judicial District

Notes to Balance Sheet
June 30, 2006

Note 4 - Employee Retirement Plan

Employees of the Court participate in the City of East Lansing Retirement Plan (the "Plan"). The City contributes to the Michigan Municipal Employees' Retirement System, an agent, multiple-employer, public-employee retirement system that acts as a common investment and administrative agent for cities, counties, and villages in the state of Michigan. The Plan does not segregate plan assets or pension benefit obligations of the Plan as to separate funds of the City. Information regarding description of the Plan, funding status and progress, actuarially determined contribution requirements, pension benefit obligation, and trend information are included in the City of East Lansing's Comprehensive Annual Financial Report for the year ended June 30, 2006. Pension expense allocated to the Court based on annual covered payroll was \$201,529.

Upcoming Reporting Change - The Governmental Accounting Standards Board has released Statement Number 45, *Accounting and Reporting by Employers for Post-employment Benefits Other Than Pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" postemployment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing retiree health care coverage over the working life of the employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year beginning July 1, 2008.

Other Supplemental Information

City of East Lansing, Michigan

District Court, 54-B Judicial District

Schedule of Receipts and Disbursements Year Ended June 30, 2006

Receipts

Fines:	
District Court	\$ 1,887,316
Parking	1,741,440
Penal	348,134
Court costs	870,410
State statute costs	793,411
Restitution	76,261
Court screening fees	37,458
Operating under the influence cost recovery	48,290
Other	<u>111,524</u>
Total receipts	5,914,244

Disbursements

Current:	
Payments to:	
State of Michigan	793,411
Ingham County	348,134
Michigan State University	76,069
Restitution	76,261
Salaries	1,415,999
Fringe benefits	602,543
Witness and jury fees	8,409
Data processing services	19,300
Rental equipment	650
Printing	26,495
Office supplies	13,118
Process server fees	2,039
Postage	33,929
Telephone	18,471
Professional services	19,695
Conference and travel	8,404
Repairs and maintenance	51,440
Law library	8,004
City courthouse rental	266,200
Cost recovery	6,727
Other	42,843
Remitted to district control unit	<u>2,042,766</u>
Total disbursements	<u>5,880,907</u>

Increase in Cash 33,337

Cash

Beginning of year	<u>176,507</u>
End of year	<u><u>\$ 209,844</u></u>